

Japan's Economy and Monetary Policy

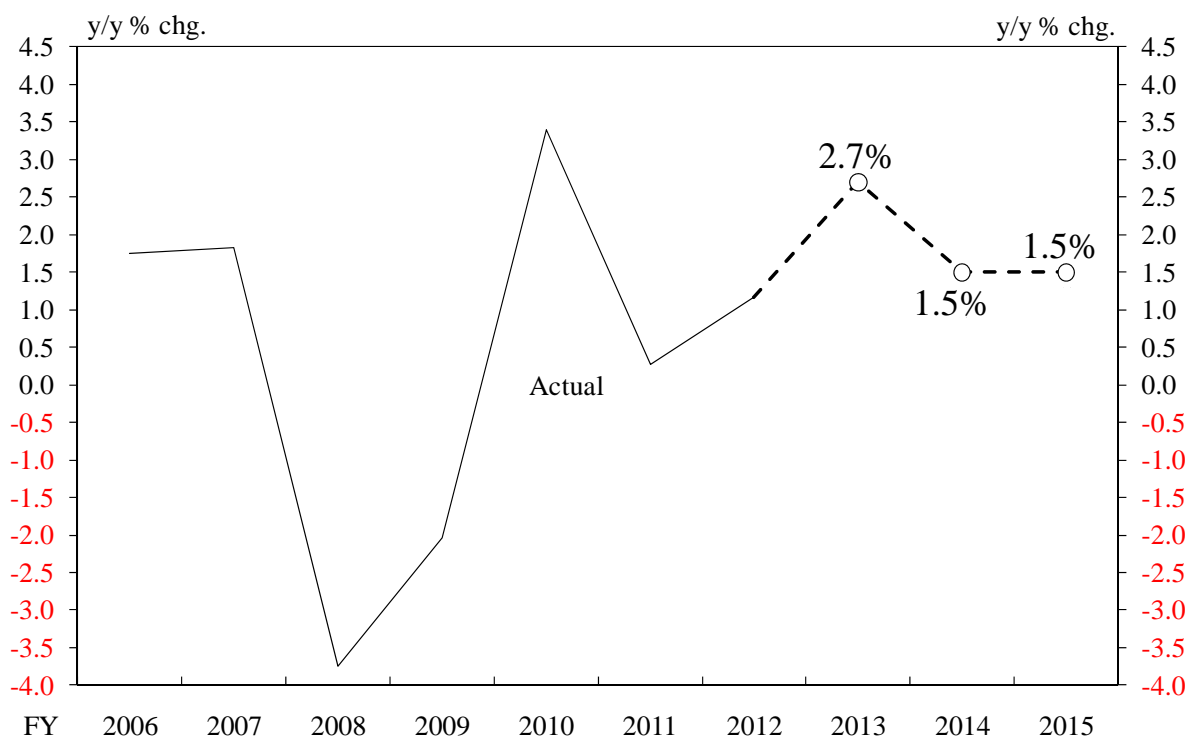
Speech at a Meeting with Business Leaders in Osaka

November 5, 2013

Haruhiko Kuroda
Governor of the Bank of Japan

Chart 1

Forecast of Real GDP



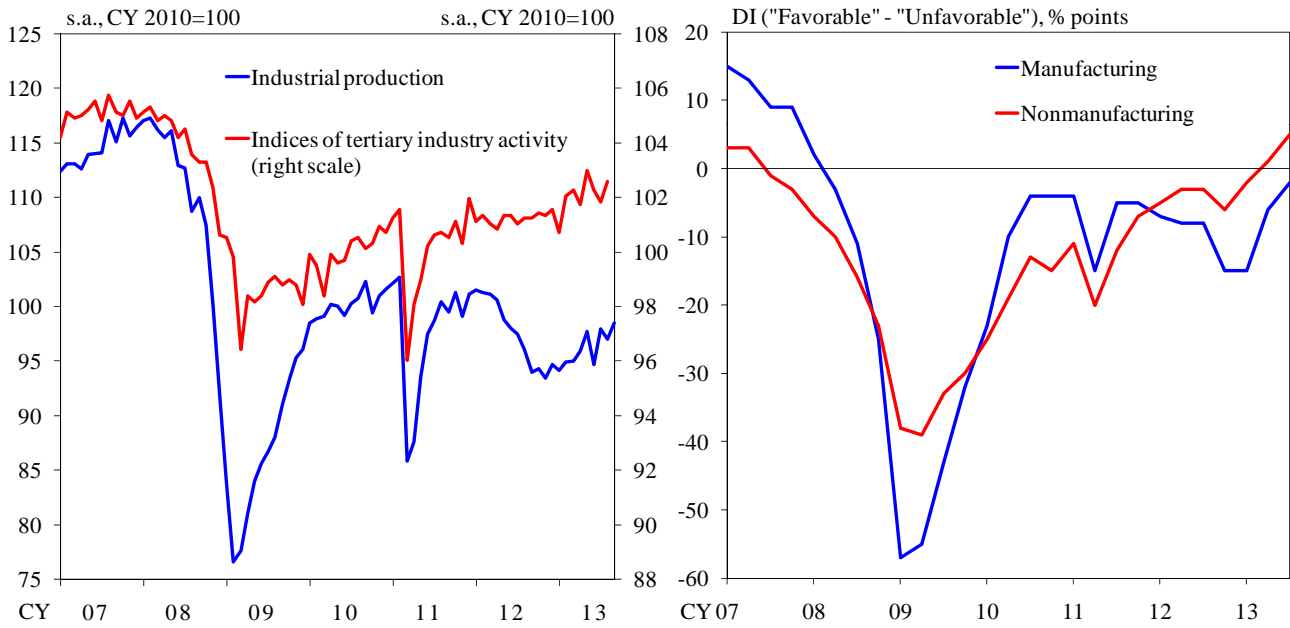
Note: The circles in the chart indicate the median of the Policy Board members' forecast (point estimate).

Source: Bank of Japan.

Features of the Current Economic Recovery

Industrial Production and Tertiary Industry Activity

Business Conditions

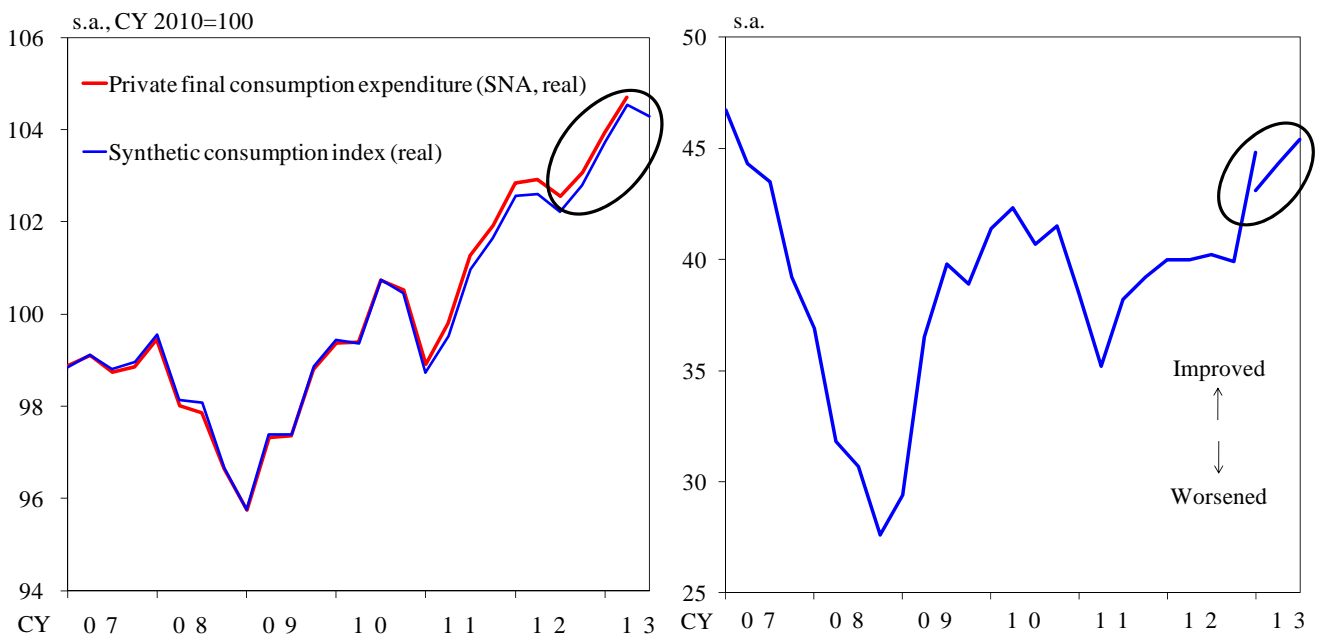


Sources: Ministry of Economy, Trade and Industry; Bank of Japan.

Private Consumption

Private Final Consumption Expenditure and Synthetic Consumption Index

Consumer Confidence Index

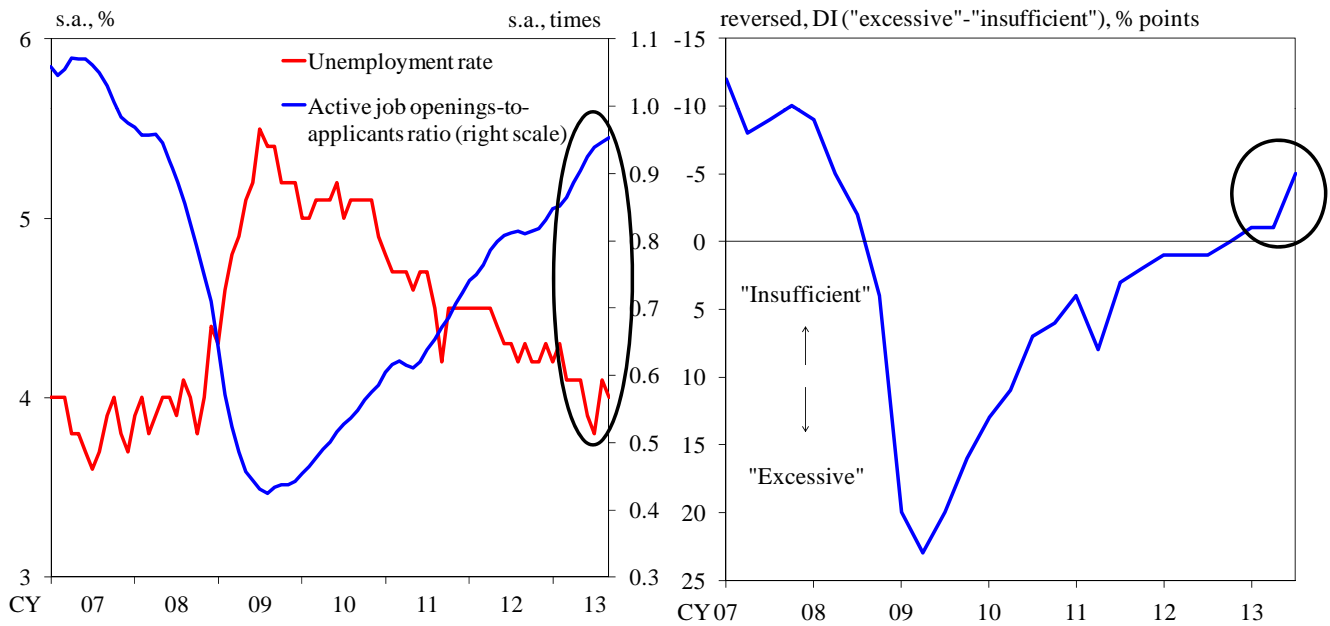


Note: The figure for the synthetic consumption index for 2013/Q3 is the July-August average.
Source: Cabinet Office.

Employment Situation

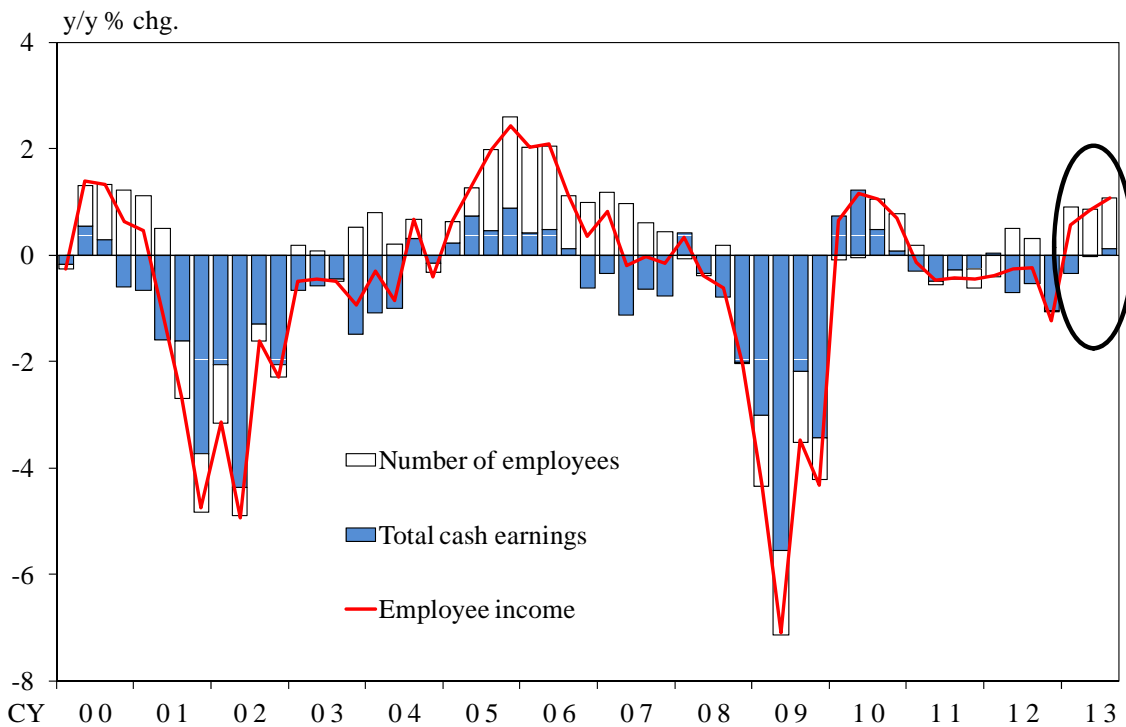
Unemployment Rate and Active Job Openings-to-Applicants Ratio

Employment Conditions



Sources: Ministry of Health, Labor and Welfare; Ministry of Internal Affairs and Communications; Bank of Japan.

Breakdown of Employee Income

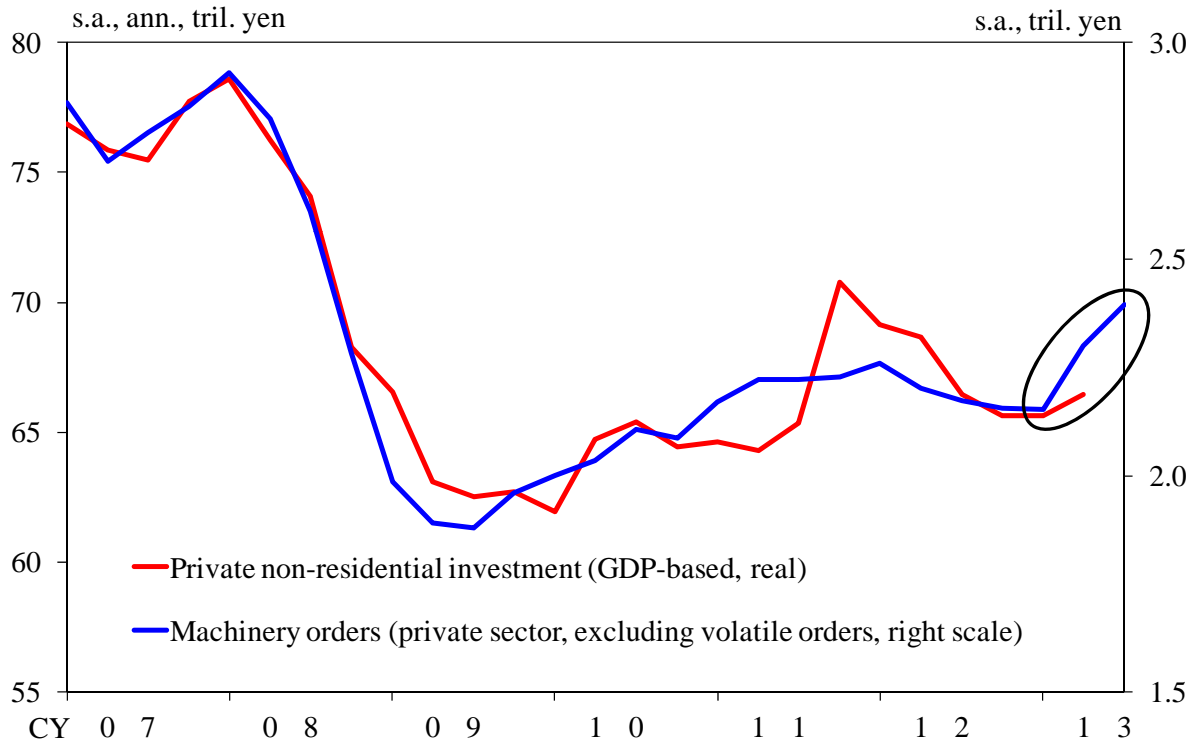


Notes: 1. Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February. Figures for 2013/3Q are those of September.

2. Employee income = number of employees (Labor Force Survey) × total cash earnings

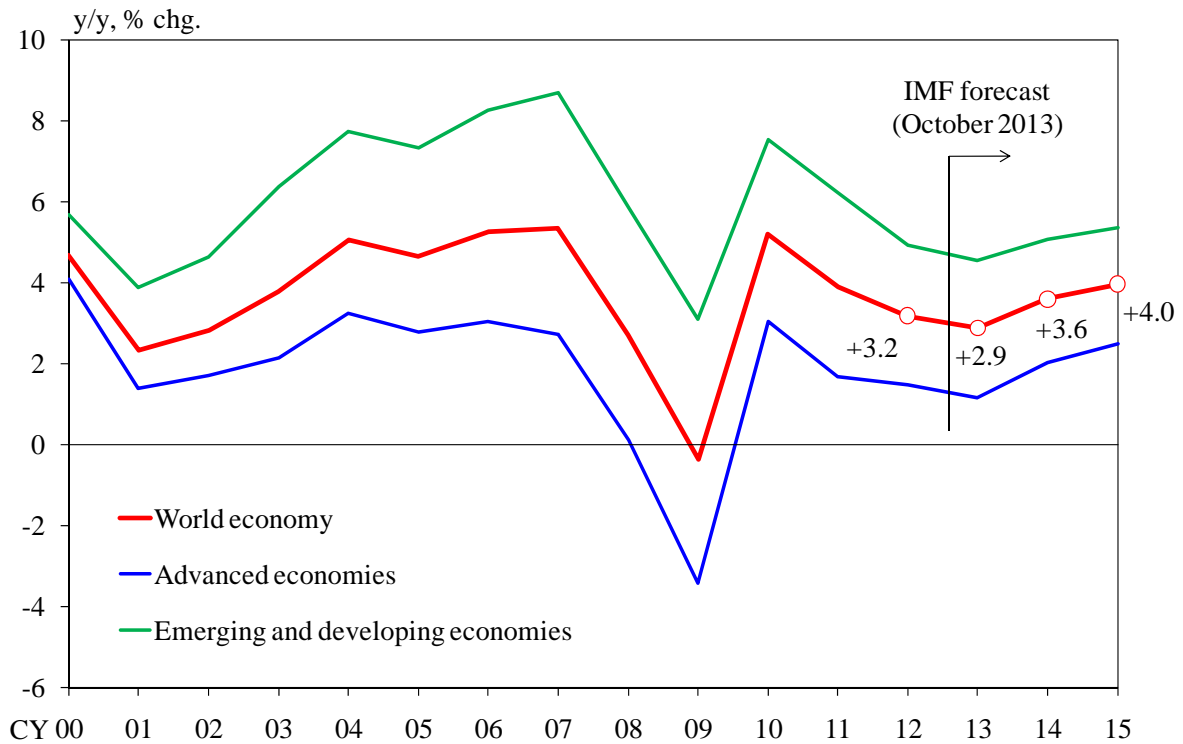
Sources: Ministry of Health, Labor and Welfare; Ministry of Internal Affairs and Communications.

Business Fixed Investment



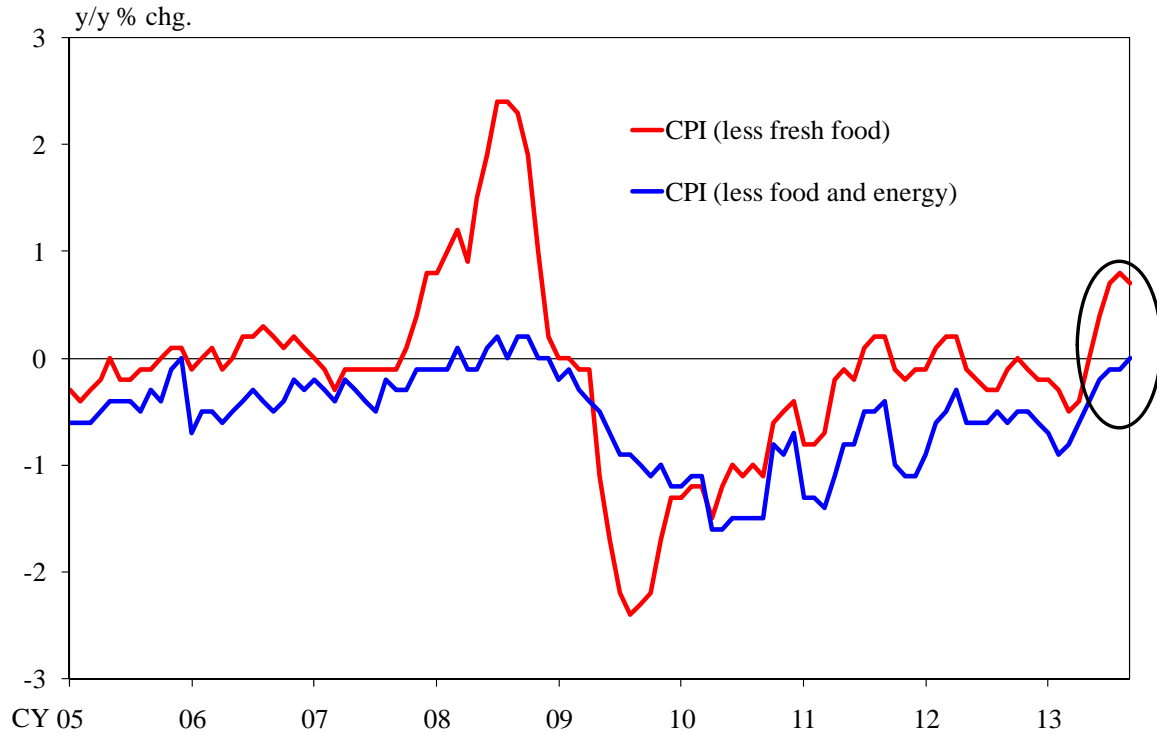
Note: The figure for 2013/Q3 is the July-August average.
Source: Cabinet Office.

Overseas Economies Forecast



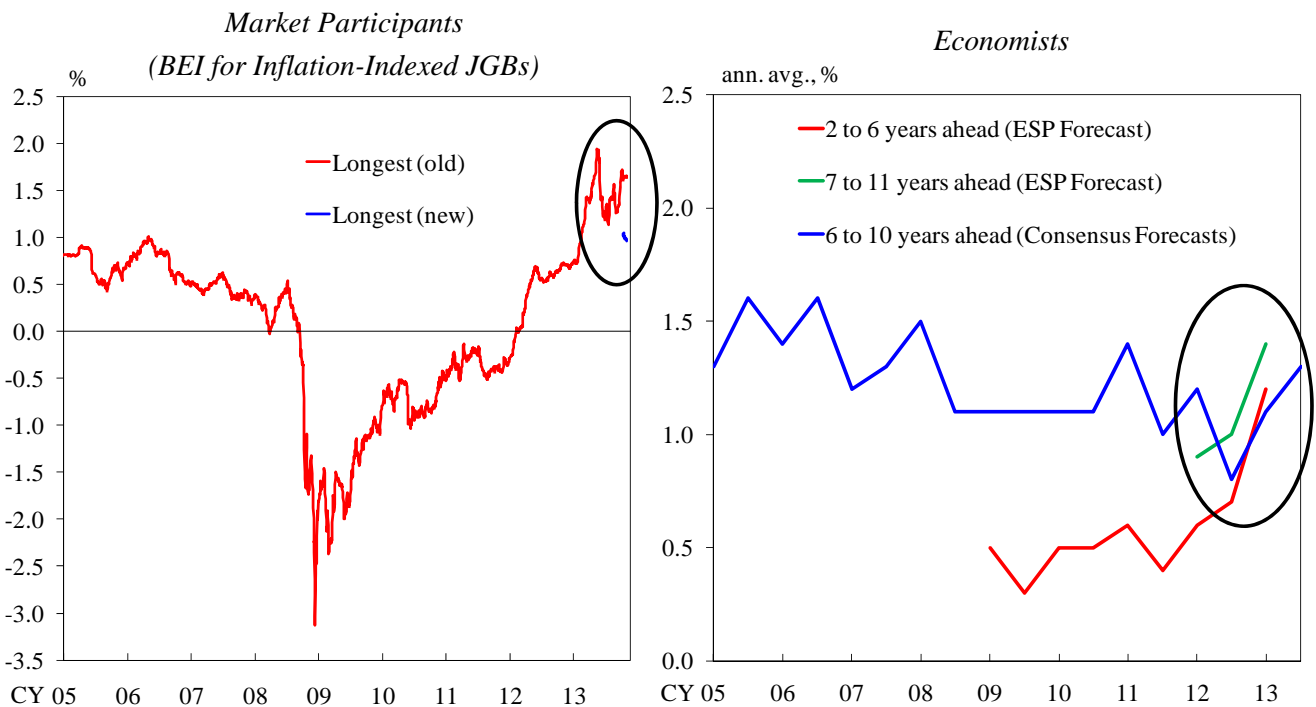
Source: IMF, "World Economic Outlook, October 2013."

Consumer Price Index



Source: Ministry of Internal Affairs and Communications.

Inflation Expectations



Notes: 1. BEI (break-even inflation) rates are yield spreads between fixed-rate coupon-bearing JGBs and inflation-indexed JGBs. Inflation-indexed JGBs issued since October 2013 are designated as "new," while the rest of them are designated as "old." Figures for "longest" are calculated using yield data for the inflation-indexed JGBs that have the longest maturity at each period, which currently correspond to those maturing in June 2018 for "old" and September 2023 for "new."

2. Figures for the ESP Forecast exclude the effects of the scheduled consumption tax hikes.

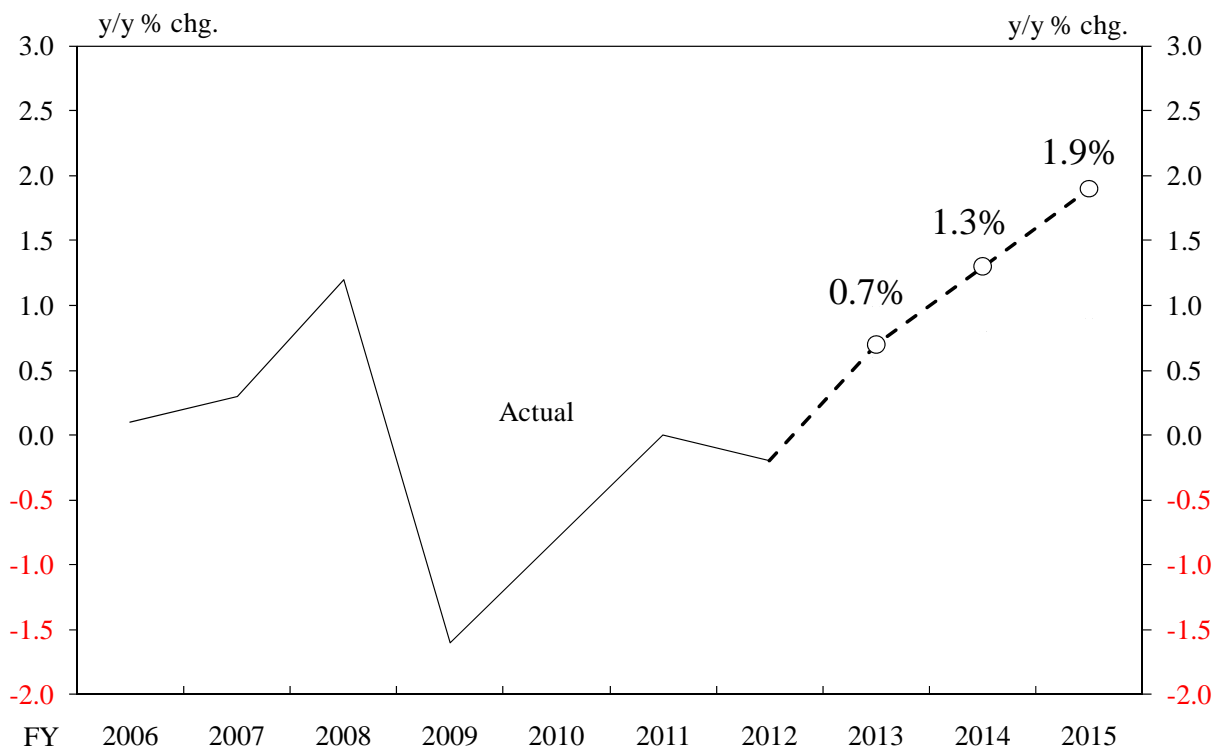
Sources: Bloomberg; Consensus Economics Inc.; JCER.

Output Gap



Note: The figures are estimated by the Research and Statistics Department, Bank of Japan.
Sources: Cabinet Office, etc.

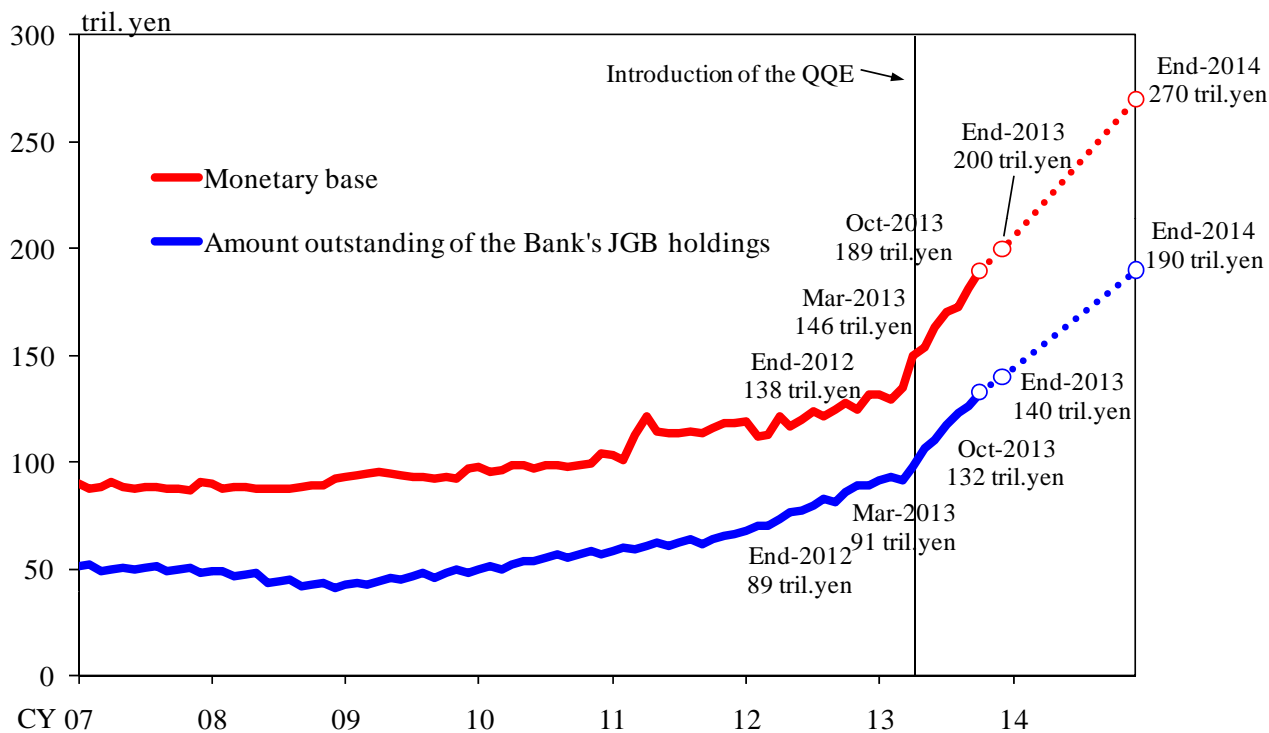
Forecast of CPI (All Items Less Fresh Food)



Notes: 1. The circles in the chart indicate the median of the Policy Board members' forecast (point estimate).
2. Excluding the direct effects of the scheduled consumption tax hikes.

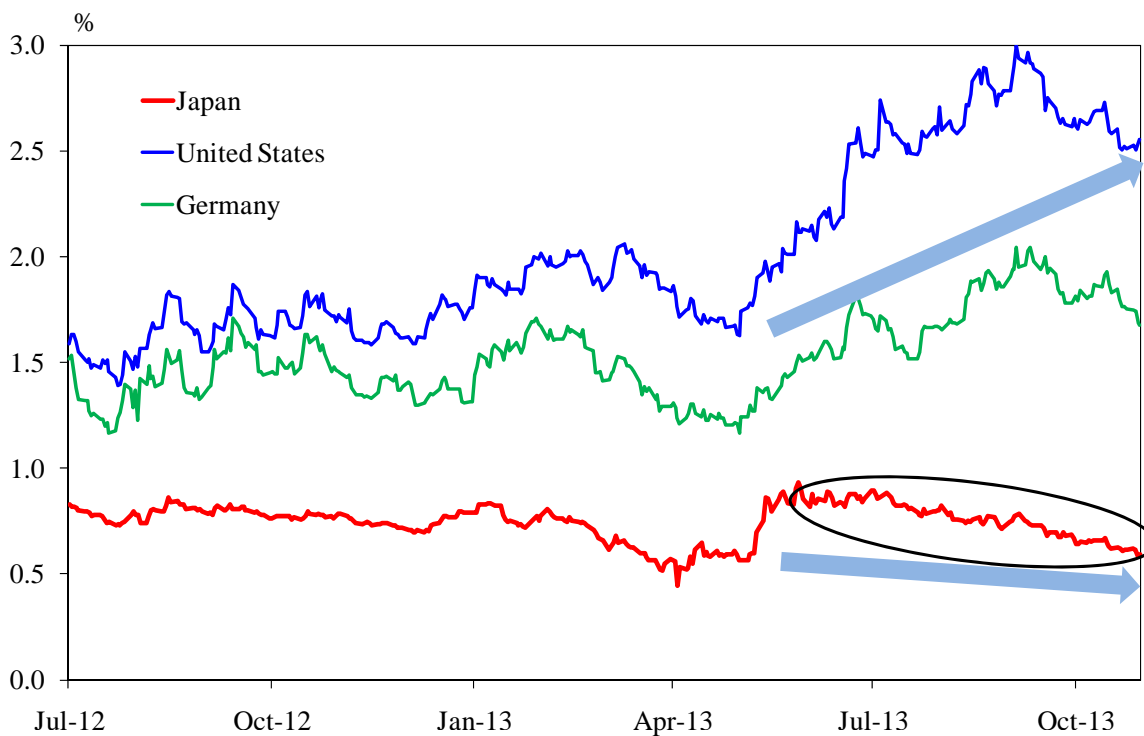
Source: Bank of Japan.

Expansion in the Monetary Base and JGB Holdings



Source: Bank of Japan.

Long-Term Interest Rates



Source: Bloomberg.